

For: Texas State and County Offices

**Revised 2000 and 2001 Crop Wheat Karnal Bunt
Compensation for Producers, Handlers, and Seed Companies**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Final regulations, published by APHIS in the August 6, 2001, FR, provide for compensation to eligible wheat producers, handlers, and seed companies who experienced a loss in value in the 2000 and 2001 crop wheat affected by Karnal bunt.

Notice LP-1814 contained procedures for compensating certain producers and handlers of wheat produced in Karnal bunt quarantine and regulated areas, as applicable.

On May 1, 2002, an interim rule was published in FR to provide 5 additional compensation payments to affected producers, handlers, and seed companies. These additional compensation payments pertain **only** to the current Karnal bunt issues in Young, Throckmorton, Baylor, and Archer Counties in Texas.

B Purpose

This notice provides new policy and procedures for issuing and calculating 2001 crop Karnal bunt compensation payments for:

- certain Karnal bunt **negative** wheat grown in Archer, Baylor, Throckmorton, and Young Counties
- the cost of replacing uncertified seed
- the cost of disposing of uncertified treated wheat seed in Archer, Baylor, Throckmorton, and Young Counties
- affected wheat grown **outside** of regulated areas and **commingled** in storage
- 1 year deferred payments for counties in Texas
- deadline for applying for the revised 2001 crop program.

Disposal Date	Distribution
April 1, 2003	Texas State Office; State Office relay to applicable County Offices

Notice LP-1839

2 Definitions

A

Handler

Handler, for Karnal bunt payment purposes, means the first entity to obtain wheat from producers for resale.

B

Wheat Grown Under Contract

Wheat grown under contract is wheat grown, under any written contract, or sales agreement in which a producer and handler agree to the terms and conditions of a sale.

Note: The sale price may be established at a future date.

C

Wheat Seed Grown Under Contract

Wheat seed grown under contract is wheat seed grown under any written contract in which a producer and seed company agree to the terms and conditions for producing certified wheat seed for sale to the seed company.

Note: The contract price may be established at a future date.

D

Contract Price

The contract price is the net price after adjustments for any premiums or discounts stated on the contract.

Note: The net contract price must be used when determining eligibility for compensation.

E

Wheat Not Contracted

Wheat not contracted means any wheat not included in subparagraph B or C.

F

Actual Price Received

The actual price received is the net price after adjustment for any premiums or discounts stated on the sales receipt.

G

Estimated Market Price

The estimated market price is the announced marketing price designated from APHIS for payment calculations.

H

First Regulated Area

The first regulated area means the area regulated during a crop year by APHIS for the first time.

3 General Issues for Compensation

A

Determining Eligibility

For producers to be eligible for compensation for the loss in value of their wheat, the wheat must have been grown or stored:

- in a State where the Secretary of Agriculture has declared an extraordinary emergency
 - in an area of that State that was regulated for Karnal bunt or under Emergency Action Notification (EAN) **after** the 2000 and subsequent wheat crop was planted
 - in an area that remained regulated or under EAN at the time the wheat was sold
 - in Oklahoma and commingled in storage with wheat grown or stored according to subparagraph 4 A.
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B

Requesting Compensation

To request compensation according to this notice only, producers, handlers, and seed companies shall:

- make the request in the County Office located in the regulated area
 - make the request on or before July 29, 2002, for **2001** crop
 - complete PPQ-926 according to Exhibit 1
 - provide the Federal tax identification number for IRS reporting purposes
 - provide the documentation according to subparagraph C.
-

C

Documentation Required

Producers, handlers, and seed companies shall provide the following documentation to the County Office. For:

- all compensation, **except** for the 1 year deferral, the cost of disposing of certified treated wheat seed, provide:
 - a copy of the contract under which the wheat was grown, if wheat was under contract
 - a copy of EAN or formal letter issued by APHIS
 - a Karnal bunt certificate issued by APHIS showing test results
 - copies of **sale** receipts showing:
 - total bushels sold
 - price received for wheat sold for **grain**
-

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3 General Issues for Compensation (Continued)

C

Documentation Required (Continued)

- verification of actual, not estimated, weight of wheat, such as a copy of a facility weight ticket, or other verification
 - the cost of disposing of uncertified treated seed provide:
 - a copy of EAN or formal letter issued by APHIS
 - a Karnal bunt certificate issued by APHIS showing test results
 - proof of method of disposal either:
 - on the farm
 - at the landfill
 - verification of actual, not estimated, weight of wheat, such as a copy of a facility weight ticket, or other verification.
 - the 1 year deferred payment provide a:
 - copy of EAN or formal letter issued by APHIS
 - Karnal bunt certificate issued by APHIS indicating the associate fields.
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4 Revised Compensation for Producers, Handlers, and Seed Companies

A For Negative, Spore Positive, and Wheat Grown Outside Regulated Areas

Producers, handlers, and seed companies of wheat in an area are eligible for compensation, if the wheat was tested by APHIS and **any** of the following apply:

- the wheat tested **negative** for Karnal bunt that was either of the following:
 - harvested from fields in Archer, Baylor, Throckmorton, or Young Counties in Texas
 - tested negative for Karnal bunt after harvest.
- the cost for replacing uncertified seed not sold or used that was intended for use as seed found **spore-positive**
- wheat grown in either Archer, Baylor, Young, or Throckmorton Counties in Texas
- the wheat was grown **outside** the regulated areas and was **commingled** in **storage** including:
 - producers who grew wheat in Oklahoma
 - commingled wheat in Texas with Texas-grown Karnal bunt positive wheat.

Producers may be compensated, at a rate **not** to exceed \$1.80 per bushel, which will equal the contract price (CP) or estimated market price (EMP) for the relevant class of wheat minus the actual price received by the producer.

B Treated Seed Wheat

Producers, handlers, and seed companies in an area with **treated** seed wheat that tested positive for spores or bunt kernels are eligible for compensation, if the wheat seed was either buried on the producers farm or at a landfill.

For disposal:

- on the farm, compensation is \$1 per bushel
- by landfill or burial, compensation shall **not** exceed \$1.20 per bushel.

Note: This price is the actual cost involved with the landfill fees and transportation of treated seed wheat.

Producers must submit 1 or more receipts for the disposal cost of the uncertified wheat seed showing the total bushels destroyed and the disposal cost.

C Deferred Payments

Producers who planted wheat for the 2002-2003 crop year in Archer, Baylor, Throckmorton, or Young County that was **not** found to contain bunted kernels in 2001-2002 crop year will be **eligible** for compensation at \$.60 per bushel. Eligible producers will receive documentation from APHIS.

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5 County Office Action

A Accepting Requests

County Office shall:

- **not** accept any late filed application for 2001-2002 “positive” Karnal bunt
- for **2001-2002** crop year wheat, immediately begin accepting requests for the 5 additional compensation payments and act upon all requests received from eligible producer’s or handler’s compensation through July 29, 2002
- assist producers and handlers in completing PPQ-926, according to Exhibit 1
- review the following documents for required information::
 - Karnal bunt certificate of results
 - sales contract, if applicable
 - final sales receipt
 - documentation supporting that the seed is certified or eligible for certification
 - verification of wheat or quantity
- retain documents applicable to Karnal bunt compensation for 5 years from date of compensation.

Note: The producer, handler, or seed company is responsible for providing sufficient contract and sales documentation, as applicable.

B Issues Not Addressed

For requests received involving issues not addressed in this notice, County Offices shall:

- continue to accept requests from producers, handlers, and seed companies
- obtain as much detailed information from producers, handlers, and seed companies as possible to support their claim
- submit these claims to PSD through the State Office.

The submitted claim request files will be reviewed by PSD and an APHIS representative. Upon completion of the review of files and any additional documentation that may be requested, a determination will be made and remanded to the County Office for payment or additional action as necessary.

Continued on the next page

5 County Office Action (Continued)

**C
Determining
Amount of
Compensation**

County Office shall:

- complete PPQ-927, according to Exhibit 2, to determine the amount of compensation available for each request, based on the information provided by the wheat producer, handler, or seed company, as applicable
- for **2001** wheat grain requests, use EMP as determined by APHIS

The 2001 crop EMP per county per class is as follows.

County	Class	EMP
Archer	HRW	\$2.91
Baylor	HRW	\$2.91
Knox	HRW	\$2.84
Tarrant	HRW	\$3.27
Throckmorton	HRW	\$2.82
Wichita	HRW	\$2.91
Wilbarger	HRW	\$2.91
Young	HRW	\$2.82

**D
APHIS Forms**

PPQ-926 and PPQ-927 may be found on the APHIS website at
<http://www.aphis.usda.gov/ppq/emergencyprograms/karnalbunt/>.

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5 County Office Action (Continued)

E
Monthly
Summary

County Offices issuing Karnal bunt compensation payments according to this notice shall:

- prepare and maintain a manual list indicating the following information:
 - producer or handler name
 - Federal tax identification number for IRS reporting purposes
 - number of bushels per request
 - amount of funds provided to the producer or handler
 - State and county from which compensation is provided
- provide the information to the State Office by the first workday of each month.

State Offices shall:

- compile the information submitted by the County Offices
 - submit the information by FAX to PSD at 202-690-3307 by the 5th workday of each month, ATTN: Kimberly Pritchett.
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F
Authorization of
Funds

Authorization of funds for compensation payments will be issued to State Offices, under separate cover, from PSD using FSA-357. As funds are depleted in the State, the State Office shall request additional funds from PSD.

County Offices shall receive authorization of funds from the State Office.

Note: Compensation payments shall not be issued until authorization of funds has been received.

G
Processing
Karnal Bunt
Compensation
Payments

County Offices shall process authorized Karnal bunt compensation payments:

- by EFT according to 1-FI
 - for the 2001 crop year using program code “01KBCOMP”.
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H
APHIS Program
Payment

APHIS program payments are **not** subject to:

- prompt payment provisions
 - the finality rule
 - offset
 - assignment.
-

Completing PPQ-926, Karnal Bunt Compensation Claim Form

A

Completion Instructions

For Karnal bunt compensation requested according to this notice, assist the producer, handler, or seed company, as applicable, in completing PPQ-926, according to this table.

Item	Instructions
1	Enter name, address, and Federal tax identification number for producer, handler, or seed company, as applicable.
2	Enter applicable crop year.
3	Enter the applicable class of wheat.
4	Check the appropriate box.
5	Indicate in "other" the type of compensation requested, as applicable.
6	Check appropriate boxes as applicable to the request.
7	Check the appropriate box. Indicate date of certificate of test results.
8	Enter contract information, as applicable.
9	Enter eligible bushels.
10	Check the "First Regulated Crop Season" box.
11 and 12	Obtain producer's, handler's, or authorized seed company representative's signature, as applicable, and date.
13 through 16	Leave blank. Complete PPQ-927 for wheat compensation calculations and attach to PPQ-926.
17	For requests containing 2001 crop year wheat inventories testing positive/negative , enter the following statement: "I certify that this request represents _____ bushels of ____ crop year wheat inventories unsold in my possession on (enter date prior to issue date of EAN or formal letter issued by APHIS), _____. The required documentation submitted to the FSA County Office verifies the quantity has been sold and eligible for this compensation request."
18, 19, and 20	Check appropriate box, obtain applicable approval signature, and date. Note: If the request is disapproved, enter the reason or reasons in item 17.

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B Example of PPQ-926

U.S. DEPARTMENT OF AGRICULTURE Animal and Plant Health Inspection Service Plant Protection and Quarantine	
KARNAL BUNT COMPENSATION CLAIM FORM <i>(No compensation can be made without completion of this form)</i>	
1. APPLICANT'S NAME, ID NUMBER, AND ADDRESS <i>(INCLUDE STREET, CITY, STATE AND ZIP CODE)</i>	2. CROP YEAR
3. WHEAT CLASS	4. APPLICANT'S REQUEST <i>(Check the appropriate request)</i> <input type="checkbox"/> Producer <input type="checkbox"/> National Karnal Bunt Survey Participant <input type="checkbox"/> Handler <input type="checkbox"/> Other (Please specify) _____
5. TYPE OF COMPENSATION <i>(Check the applicable type)</i> <input type="checkbox"/> Wheat Grain <input type="checkbox"/> Wheat Seed <input type="checkbox"/> Other (Please Specify) _____	
PART A - APPLICANT'S REPORT OF DATA	
6. DOCUMENTATION <i>(Attach applicable documents) (Check all that apply)</i> <input type="checkbox"/> Contract (If checked, date of contract) _____ <input type="checkbox"/> Final Sales Receipt <input type="checkbox"/> Emergency Action Notification <input type="checkbox"/> Weight Verification <input type="checkbox"/> Certified Seed Documentation <input type="checkbox"/> Other (Please Specify) _____	7. KARNAL BUNT CERTIFICATE AVAILABLE <input type="checkbox"/> YES <input type="checkbox"/> NO Date of certificate(s) _____ (Positive) _____ (Negative)
9. QUANTITY REQUESTED FOR COMPENSATION _____ Bushels Other(Please Specify) _____	8. TO WHOM SOLD _____ Contract Price: _____ Price Received: _____
10. REGULATED CROP SEASON <input type="checkbox"/> First Regulated Crop Season (FSA must complete PPQ FORM 927) <input type="checkbox"/> Second Regulated Crop Season <input type="checkbox"/> N/A	
PART B - APPLICANT'S CERTIFICATION	
<i>I certify that the above statements are true and correct to the best of my knowledge and belief. I request all amounts due me in accordance with all applicable laws and regulations governing the payment of such compensation. I further agree to accept the compensation payment for said losses incurred.</i>	
11. APPLICANT'S SIGNATURE	12. DATE
PART C - COMPENSATION PAYMENT CALCULATION OR SEE WORKSHEET <i>(PPQ FORM 927 or PPQ FORM 928 completed by FSA)</i>	
13. COMPENSATION RATE <input type="checkbox"/> Producer/Handler: _____ <input type="checkbox"/> Other (Please Specify) _____	
14. COMPENSATION CALCULATION Quantity X Compensation Rate = \$ Compensation Payment	15. CHECK NUMBER
16. DATE	
PART D - COUNTY FSA COMMITTEE (COC) DETERMINATION	
17. REMARKS _____ _____	
18. COC or REPRESENTATIVE ACTION <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED	
19. COC or REPRESENTATIVE SIGNATURE	20. DATE

PPQ FORM 926
(DEC 97)

Completing PPQ-927, Karnal Bunt Compensation Worksheet

A**Completion
Instructions**

Complete PPQ-927 according to this table.

Notes: Determine the contract price and actual price received according to the definitions in paragraph 2.

Item	Situation	Action
1		Enter name and address of producer, handler, or seed company, as applicable.
2	Producer sold wheat under contract and priced before issue date of EAN or formal letter.	Determine the contract price (CP) from the documentation submitted by the producer. Determine the actual price received (AP) from the documentation submitted by the producer. Complete the formula to determine the compensation rate.
3	Producer sold wheat under contract or priced after issue date of EAN or formal letter.	Enter EMP for 2001 wheat grain according to subparagraph 5 C. Determine AP from the documentation submitted by the producer. Complete the formula to determine the compensation rate.
4	Producer is a handler or seed company.	Enter EMP for 2001 wheat grain according to subparagraph 5 C. Determine AP from the documentation submitted by the producer, handler, or seed company. Complete the formula to determine the compensation rate.
5	Producer is a National Survey participant.	Leave blank.
6		Leave blank.

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Completing PPQ-927, Karnal Bunt Compensation Worksheet (Continued)

A
Completion
Instructions
(Continued)

Item	Situation	Action
7		Enter EMP for 2001 crop wheat grain according to subparagraph 5 C. Note: If the class of wheat is other than HRW, contact PSD through the State Office.
8		Enter type of disposal for treated seed. Example: "on farm", "at landfill"
9		Identify whether the compensation is for producer, handler, or seed company by circling the appropriate label. Enter the determined compensation rate.
10		Enter the eligible quantity determined from documentation provided and entered on PPQ-926, item 9. Enter the determined compensation rate from item 9. Multiply the quantity by the compensation rate to determine the compensation payment due the producer, handler, or seed company.
11 and 12		Enter "EFT" in item 11 and date the compensation payment is issued.
Remarks		Use this space to enter any remarks or information related to the compensation request.

Continued on the next page

Completing PPQ-927, Karnal Bunt Compensation Worksheet (Continued)

B
Example of
PPQ-927

Following is an example of PPQ-927.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0579-0121. The time required to complete this information collection is estimated to average .5 hours per response, including the time for reviewing instructions, search existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

U.S. DEPARTMENT OF AGRICULTURE Animal and Plant Health Inspection Service Plant Protection and Quarantine KARNAL BUNT COMPENSATION WORKSHEET <i>(Use this worksheet if not compensating based on flat rate)</i>	FORM APPROVED - OMB NO. 0579 - 0121
1. APPLICANT'S NAME AND ADDRESS 	
PART A - COMPENSATION CALCULATIONS: (AP = Actual Price Received, CP = Contract Price, EMP = Estimated Market Price)	
2. PRODUCER SOLD WHEAT UNDER CONTRACT AND PRICE DETERMINED BEFORE AREA WAS REGULATED. <div style="display: flex; justify-content: space-between; align-items: center;"> <div>CP</div> <div>-</div> <div>AP</div> <div>=</div> <div>Compensation Rate</div> </div>	
3. PRODUCER SOLD WHEAT NOT UNDER CONTRACT OR PRICE DETERMINED AFTER AREA WAS REGULATED. <div style="display: flex; justify-content: space-between; align-items: center;"> <div>EMP</div> <div>-</div> <div>AP</div> <div>=</div> <div>Compensation Rate</div> </div>	
4. HANDLER OR SEED COMPANY <div style="display: flex; justify-content: space-between; align-items: center;"> <div>EMP</div> <div>-</div> <div>AP</div> <div>=</div> <div>Compensation Rate</div> </div>	
5. NATIONAL SURVEY PARTICIPANTS <div style="display: flex; justify-content: space-between; align-items: center;"> <div>EMP</div> <div>-</div> <div>AP</div> <div>=</div> <div>Compensation Rate</div> </div>	
PART B - ESTIMATED MARKET PRICE	
6. DURUM (DUM)	7. HARD RED WINTER (HRW)
8. OTHER (Please Specify): 	
PART C - COMPENSATION PAYMENT CALCULATION	
9. COMPENSATION RATE Producer/Handler/Seed Company: _____ Other (Please Specify): _____	
10. COMPENSATION CALCULATION <div style="display: flex; justify-content: space-between; align-items: center;"> <div>QUANTITY</div> <div>x</div> <div>COMPENSATION RATE</div> <div>= \$</div> <div>COMPENSATION PAYMENT</div> </div>	
11. CHECK NUMBER	12. DATE
12. REMARKS 	
PPQ FORM 927 (DEC 97)	